

CHAPTER 1223**STATE ASSISTANCE FOR FEDERAL PROJECT***H.F. 2481*

AN ACT relating to authorizing the use of state income tax withholding moneys for debt service costs incurred in funding capital improvements for purposes of a federal project and providing a repeal date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. **NEW SECTION. 15A.6 STATE ASSISTANCE FOR FEDERAL PROJECT.**

1. The general assembly finds and declares that:

a. The planned United States department of defense consolidation of its finance and accounting services at a few sites within the United States offers a rare opportunity for economic growth in those states and communities in the states where consolidation occurs.

b. The economic growth for the state would involve the direct creation of potentially two thousand to two thousand five hundred jobs for Iowa residents and indirect jobs of potentially double the direct ones.

c. The increase in state and local taxes, including income, sales and use, and property taxes, will provide an additional boost to the well-being of the state and its communities.

d. Any financial assistance which the state or a local community may provide in order to obtain a consolidation site within or adjacent to the borders of the state will be for the well-being and benefit of the residents of the state and will be spent for a public purpose.

e. For purposes of this section, an island located in a river which borders the state is declared to be adjacent to the borders of the state.

2. In order to assist a community or communities located in the state within the quad cities area in attracting the United States department of defense finance and accounting services project to locate within or adjacent to the borders of the state, the state of Iowa makes available, to the extent provided in subsection 3, to the community or communities moneys which will be withheld, for Iowa state income tax purposes, from the salaries, wages, and benefits of the individuals in the new jobs created as a result of such federal project locating within or adjacent to the borders of the state. The state assistance shall only be available to pay the debt services costs of bonds issued by the quad cities regional economic development authority on behalf of the community or communities to fund the construction, rehabilitation, expansion, and remodeling of facilities which will be used for the federal department of defense defense* finance and accounting services project. As a condition for the providing of state assistance, the community or communities shall participate in the locating of the federal project within or adjacent to the border of the state by providing money, land, services, or other contributions. However, the bonds issued, for which state assistance is available to pay the debt services costs, shall be scheduled to mature within a period not exceeding twenty-five years.

3. Before state assistance shall be available, an agreement authorizing a new jobs credit from withholding shall be entered into between the department of revenue and finance, the quad cities regional economic development authority, and the employer of the individuals for the federal project. The agreement shall take into consideration a provision to assign the liability, in regard to the new jobs credit, where the employer does not maintain the number of jobs for the number of years claimed. The agreement shall specify the date of maturity of the bonds, which maturity date shall not exceed twenty-five years from the date of issuance. The agreement providing for the debt services costs to be paid by receipt of the new jobs credit from withholding shall be done as follows:

a. The new jobs credit from withholding shall be based upon the wages paid to the employees in the new jobs at the federal project.

b. An amount equal to two percent of the gross wages paid by the employer to each employee at the federal project shall be credited from the payment made by an employer pursuant to section 422.16. If the amount of the withholding by the employer is less than two percent of

*According to enrolled Act

the gross wages paid to the employees covered by the agreement, then the employer shall receive a credit against other withholding taxes due by the employer. The employer shall remit the amount of the credit quarterly in the same manner as withholding payments are reported to the department of revenue and finance, to the quad cities regional economic development authority to be allocated to and when collected paid into a special fund of the authority to pay the principal of and interest on the bonds issued to finance in whole or in part, the project. When the principal and interest on the bonds have been paid, the employer credits shall cease and any money received after the bonds have been paid shall be remitted to the treasurer of state to be deposited in the general fund of the state.

c. The new jobs credit from withholding and the special fund into which it is paid, may be irrevocably pledged by the authority for the payment of the principal of and interest on the bonds issued to finance, in whole or in part, the federal project.

d. The employer shall certify to the department of revenue and finance that the credit in withholding is in accordance with an agreement and shall provide other information the department may require.

e. The authority shall certify to the department of revenue and finance the amount of the new jobs credit from withholding an employer has remitted to the special fund and shall provide other information the department may require.

f. An employee at the federal project shall receive full credit for the amount withheld as provided in section 422.16.

4. This section is repealed January 1, 1996, unless an agreement to provide for a new jobs credit from withholding under this section is entered into prior to that date.

Approved May 26, 1992

CHAPTER 1224

INTERSTATE INCOME TAX AGREEMENTS

H.F. 2483

AN ACT relating to interstate income tax agreements and the withholding of income tax from or the reporting of pensions, annuities, or deferred compensation paid to nonresidents and providing effective and retroactive applicability provisions.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 422.8, subsection 2, Code 1991, is amended to read as follows:

2. Nonresident's net income allocated to Iowa is the net income, or portion thereof, which is derived from a business, trade, profession, or occupation carried on within this state or income from any property, trust, estate, or other source within Iowa. If a business, trade, profession, or occupation is carried on partly within and partly without the state, only the portion of the net income which is fairly and equitably attributable to that part of the business, trade, profession, or occupation carried on within the state is allocated to Iowa for purposes of section 422.5, subsection 1, paragraph "j" and section 422.13 and income from any property, trust, estate, or other source partly within and partly without the state is allocated to Iowa in the same manner, except that annuities, interest on bank deposits and interest-bearing obligations, and dividends are allocated to Iowa only to the extent to which they are derived from a business, trade, profession, or occupation carried on within the state. ~~However, income received by an individual who is a resident of another state is not allocated to Iowa if the income is subject to an income tax imposed by the state where the individual resides, and if the state of residence allows a similar exclusion for income received in that state by residents of Iowa. In order~~